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Middle East, Africa, South Asia 20 Jan 75 No. 0414/75

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STAFF NOTES:

Middle East
Africa
South Asia

Secret

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No. 0414/75
January 20, 1975

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Classified by 005827
Exempt from general declassification schedule
of E. O. 11652, exemption category:
§ 5B (1), (2), and (3)
Automatically declassified
on: Date Impossible to Determine

Approved For Release 2000/09/14 : CIA-RDP86T00608R000400010013-4

MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Jan 20, 1975

Egypt-Libya-Sudan

Interior Ministers Meet

The interior ministers of Egypt, Libya, and Sudan are scheduled to meet on January 21 in Tripoli to discuss ways of improving cooperation among the three countries. The meeting has been touted as a step toward resuscitating the 1969 Tripoli Charter--one of President Qadhafi's "non-starter" unity schemes. The session, however, will probably involve little more than Egyptian and Sudanese angling for financial aid from their rich neighbor.

The three-way talks were initiated by Sudan's President Numayri, who saw both economic and political advantages in acting as peacemaker between Tripoli and Cairo. Numayri's efforts have already begun to pay off, at least in the economic field. Tripoli consented last month to reschedule Sudan's $16.7 million debt and has tentatively agreed to finance several of Khartoum's new agricultural projects.

At this point, both Tripoli and Cairo would prefer to nurture their fragile rapprochement without Numayri's help, but apparently they have been unable to find a diplomatic way of edging him out. The Egyptians feel they would have greater success in expediting Libyan commitments for project aid and in regaining quick access to Tripoli's military inventory if they could negotiate directly with the Libyans. President Sadat, nevertheless, attaches some importance to the trilateral talks and has sent his special adviser Ashraf Marwan along with Interior Minister Salim to attend the session.

The Libyans, for their part, are anxious to pursue any avenue that will advance their campaign to regain a voice in Arab politics. President Qadhafi is especially eager for the fanfare that would accompany a reunion with Sadat. Although Numayri's efforts to sponsor and participate in

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such a meeting would, in Qadhafi's eyes, detract from its significance, the Libyan leader may believe that he cannot afford to turn aside Sudanese help. Sadat himself has been very reluctant to meet with Qadhafi and might not change his mind despite Numayri's efforts. (CONFIDENTIAL)

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Kuwait

Investments in Eastern Europe

Kuwait's highly publicized participation in the financing of the 460-mile Pan Adria oil pipeline in Yugoslavia is one of several recent investments in East European countries.

The loan to Belgrade for the pipeline, which could amount to as much as $100 million, follows other Kuwaiti loans of more than $150 million to Eastern Europe since mid-1974. The loans have been made on commercial terms.

Last June, Kuwait invested $100 million in two ten-year issues of Yugoslav state bonds--$51 million in Kuwaiti dinars and the remainder in US dollars. In December, Kuwait loaned $40 million to help develop Hungary's export industries, and earlier this month Kuwait concluded a $10-million loan to a Yugoslav bank.

Terms for the pipeline loan to Yugoslavia are to be worked out next month. In those negotiations, Belgrade can be expected to make a strong pitch for a barter arrangement because of the pressure that high oil prices has put on its balance of payments. The Kuwaitis, however, probably will insist on commercial terms.

Growing economic contacts with Eastern Europe could bring additional Kuwaiti investments in the area. Hungary is seeking a credit of between $100 million and $300 million. A Kuwaiti-Yugoslav economic committee will set up a joint enterprise to handle capital projects in Kuwait and in third countries. Romania already has concluded a five-year agreement under which it will supply Kuwait with industrial equipment, machinery, raw materials, and technical assistance. (SECRET)

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Uganda

Finance Minister Resigns

The resignation of Emmanuel Wakhweya, Uganda's finance minister, on January 18 brings to focus the economic hardships which four years of Amin's rule has brought Ugandans. Luckily for Amin, the impact of his profligate and inept economic policies has been cushioned by the country's unusually favorable agricultural situation, which makes it easy for many Ugandans to grow enough to eat.

Wakhweya, who cabled his resignation to Kampala after arriving in London, has been running the finance ministry since Amin took power in January 1971. His task was made difficult by Amin's tendency to spend whatever he thought necessary for the armed forces--his political mainstay--and to let Wakhweya worry about meeting domestic needs with remaining funds. Nevertheless, Amin frequently upbraided Wakhweya for Uganda's economic distress. Terrorism and political uncertainty have discouraged tourism and foreign investment, leaving the once promising economy seriously disrupted.

The 38 year-old Wakhweya held important economic posts in the civilian government overthrown by Amin. A well-qualified technician, Wakhweya appears to have stuck it out as Amin's finance minister partly out of a sense of patriotism.

Uganda's dismal economic situation is likely to continue. Foreign suppliers are insisting on being paid in hard currency in advance by Ugandan importers, and inflation is especially serious for the urban poor who must buy foodstuffs.

The economic dissatisfaction felt by many Ugandans about Amin's misrule has been offset up to now by the character of the country's agricultural economy. Soil is varied and relatively fertile, rainfall is plentiful and distributed throughout the year. The climate is favorable, permitting two

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harvests in some parts of the country and making housing needs relatively simple everywhere. In contrast to some African countries where plantation production predominates, Ugandan agriculture is based on production by peasant households. Most of the population is rural and can grow enough to eat, even though sugar and salt are scarce and cash income is down. (CONFIDENTIAL)

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